

Senate File 238 - Introduced

SENATE FILE 238

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(COMPANION TO LSB 1595HH BY
HUSEMAN)

A BILL FOR

1 An Act relating to an electric or natural gas vehicle facility
2 tax credit and including effective date and retroactive
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2013, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 51. *a.* A taxpayer taking a depreciation
4 allowance under section 168 of the Internal Revenue Code for
5 property described in section 422.11C is not allowed to take
6 the allowance for purposes of this division to the extent that
7 a tax credit is taken for the purchase and installation of
8 the property under section 422.11C. If a credit is taken for
9 the purchase and installation of the property under section
10 422.11C, the taxpayer shall add the amount of the allowance
11 taken on such property to the extent of the amount of the
12 credit.

13 *b.* A taxpayer taking an expensing allowance under section
14 179 of the Internal Revenue Code for property described in
15 section 422.11C is not allowed to take the allowance for
16 purposes of this division to the extent that a tax credit
17 is taken for the purchase and installation of such property
18 under section 422.11C. If a credit is taken for the purchase
19 and installation of the property under section 422.11C, the
20 taxpayer shall add the amount of the allowance taken on such
21 property to the extent of the amount of the credit.

22 *c.* This subsection is repealed on January 1, 2020.

23 Sec. 2. NEW SECTION. 422.11C **Electric or natural gas**
24 **vehicle facility tax credit.**

25 1. As used in this section, "*motor vehicle*" means the same
26 as defined in section 322.2.

27 2. The taxes imposed under this division, less the credits
28 allowed under section 422.12, shall be reduced by an electric
29 or natural gas vehicle facility tax credit. In order to be
30 eligible to claim the tax credit, the taxpayer must comply with
31 this section and rules adopted by the department necessary to
32 administer and enforce this section.

33 3. *a.* The taxpayer claiming the tax credit on an
34 agricultural basis as provided in subsection 8 must construct,
35 install, and place in service any of the following:

1 (1) An electric vehicle facility that serves a motor vehicle
2 designed by a manufacturer to operate using electricity.

3 (2) A natural gas vehicle facility that serves a motor
4 vehicle designed by a manufacturer to operate using compressed
5 natural gas.

6 *b.* The taxpayer claiming the tax credit on a commercial
7 basis as provided in subsection 8 must construct, install, and
8 place in service any of the following:

9 (1) An electric vehicle facility that serves a motor vehicle
10 designed by a manufacturer to operate using electricity.

11 (2) A natural gas vehicle facility that serves a motor
12 vehicle designed by a manufacturer to operate using compressed
13 natural gas.

14 *c.* The taxpayer claiming the tax credit on a residential
15 basis as provided in subsection 8 must construct, install,
16 and place in service an electric vehicle facility that serves
17 a motor vehicle designed by a manufacturer to operate using
18 electricity.

19 4. *a.* After verifying the eligibility for an electric or
20 natural gas vehicle facility tax credit as provided in this
21 section, the department of revenue shall issue the taxpayer an
22 electric or natural gas vehicle facility tax credit certificate
23 which must be attached to the taxpayer's tax return. An
24 electric or natural gas vehicle facility tax credit certificate
25 shall include all of the following:

26 (1) The taxpayer's name, address, tax identification
27 number, and any other information required by the department
28 of revenue.

29 (2) A description of the infrastructure, equipment, or
30 machinery being purchased and installed which is eligible for
31 the tax credit to be claimed on the taxpayer's tax return.

32 (3) The amount of the tax credit being claimed.

33 *b.* The department shall adopt rules establishing criteria
34 for the receipt of applications for electric or natural gas
35 vehicle facility tax credit certificates and the issuance of

1 those certificates. A tax credit certificate shall be issued
2 in the taxpayer's name and shall expire on or after the last
3 day of the taxable year for which the taxpayer is claiming the
4 tax credit. A tax credit certificate is nontransferable.

5 c. The aggregate amount of electric or natural gas vehicle
6 facility tax credit certificates that may be issued pursuant
7 to this section shall not exceed five million dollars for all
8 tax years that the tax credit is available under this section.
9 The department shall issue the tax credit certificates on a
10 first-come, first-served basis to qualified applicants.

11 5. An electric or natural gas vehicle facility is limited
12 to infrastructure, equipment, or machinery used to store,
13 dispense, dry, and meter compressed natural gas or electricity.
14 For compressed natural gas, it may include pipes, compressors,
15 dryers, or vaporizers. For electricity, it may include
16 charging equipment, infrastructure, or batteries.

17 6. The amount of the electric or natural gas vehicle
18 facility tax credit equals thirty percent of the total cost to
19 the taxpayer of purchasing the infrastructure, equipment, or
20 machinery and thirty percent of the total cost to the taxpayer
21 of installing the infrastructure, equipment, or machinery.

22 7. The electric or natural gas vehicle facility must comply
23 with any applicable federal and state standards and the latest
24 applicable and available ASTM international specifications.

25 8. The electric or natural gas vehicle facility tax credit
26 may be claimed by a person on an agricultural, commercial, or
27 residential basis as follows:

28 a. A person may claim the tax credit on an agricultural
29 basis if the electric or natural gas vehicle facility is
30 located on land primarily used in the production of a crop as
31 defined in section 202.1 or livestock as defined in section
32 717.1. The electric or natural gas vehicle facility must be
33 used by an agricultural producer as defined in section 15E.202
34 or a person under the management of the agricultural producer.
35 The tax credit must be taken in equal installments in three

1 consecutive tax years, beginning with the tax year in which the
2 electric or natural gas vehicle facility is placed in service.
3 If any part of the electric or natural gas vehicle facility
4 is taken out of service and not immediately replaced, the tax
5 credit expires and the taxpayer cannot take any remaining
6 installment of the tax credit.

7 *b.* A person may claim the tax credit on a commercial basis
8 if the electric or natural gas vehicle facility is part of a
9 business selling qualified electricity or compressed natural
10 gas on a retail basis, or may claim the tax credit if the
11 electric or natural gas vehicle facility is used by a business
12 for its own vehicle fleet or employees. The tax credit must
13 be taken in equal installments in three consecutive tax years,
14 beginning with the tax year in which the electric or natural
15 gas vehicle facility is placed in service. If any part of
16 the electric or natural gas vehicle facility is taken out of
17 service and not immediately replaced, the tax credit expires
18 and the taxpayer cannot take any remaining installment of the
19 tax credit.

20 *c.* A person may claim the tax credit on a residential basis
21 only for an electric vehicle facility that is for personal,
22 family, or household use. The entire amount of the tax credit
23 must be claimed in the tax year in which the electric vehicle
24 facility is first placed in service.

25 9. Any tax credit in excess of the taxpayer's tax liability
26 shall be refunded. In lieu of claiming a refund, the taxpayer
27 may elect to have the overpayment shown on the retail dealer's
28 final, completed return credited to the tax liability for the
29 following tax year.

30 10. An individual may claim the tax credit allowed a
31 partnership, limited liability company, S corporation, estate,
32 or trust electing to have the income taxed directly to the
33 individual. The amount claimed by the individual shall be
34 based upon the pro rata share of the individual's earnings of
35 the partnership, limited liability company, S corporation,

1 estate, or trust.

2 11. A person shall not claim a tax credit under this section
3 for an electric or natural gas vehicle facility that was placed
4 in service on or after January 1, 2016. However, a person
5 claiming the tax credit on an agricultural or commercial basis
6 who placed the electric or natural gas vehicle facility in
7 service prior to January 1, 2016, may continue to claim the tax
8 credit for tax years ending on or after January 1, 2016, as
9 provided in subsection 8, paragraph "a".

10 12. This section is repealed on January 1, 2020.

11 Sec. 3. Section 422.33, Code 2013, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 11. The taxes imposed under this division
14 shall be reduced by an electric or natural gas vehicle facility
15 tax credit for each tax year that the taxpayer is eligible to
16 claim the tax credit under this subsection.

17 a. The taxpayer must claim the tax credit on an agricultural
18 or commercial basis in the same manner as provided in section
19 422.11C. The taxpayer must claim the tax credit according
20 to the same requirements, for the same amount, and for the
21 same period as provided in section 422.11C. The amount of the
22 tax credit shall be calculated in the same manner as provided
23 in section 422.11C. A taxpayer claiming a tax credit on an
24 agricultural or commercial basis is subject to the same penalty
25 for taking the electric or natural gas vehicle facility out of
26 service as provided in section 422.11C.

27 b. This subsection is repealed on January 1, 2020.

28 Sec. 4. Section 422.35, Code 2013, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 15. a. A taxpayer taking a depreciation
31 allowance under section 168 of the Internal Revenue Code for
32 property described in section 422.33, subsection 11, is not
33 allowed to take the allowance for purposes of this division
34 to the extent that a tax credit is taken for the purchase and
35 installation of the property under section 422.33, subsection

1 11. If a credit is taken for the purchase and installation of
2 the property under section 422.33, subsection 11, the taxpayer
3 shall add the amount of the allowance taken on such property to
4 the extent of the amount of the credit.

5 *b.* A taxpayer taking an expensing allowance under section
6 179 of the Internal Revenue Code for property described in
7 section 422.33, subsection 11, is not allowed to take the
8 allowance for purposes of this division to the extent that a
9 tax credit is taken for the purchase and installation of such
10 property under section 422.33, subsection 11. If a credit
11 is taken for the purchase and installation of the property
12 under section 422.33, subsection 11, the taxpayer shall add the
13 amount of the allowance taken on such property to the extent of
14 the amount of the credit.

15 *c.* This subsection is repealed on January 1, 2020.

16 Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
17 immediate importance, takes effect upon enactment.

18 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to January 1, 2013, for tax years beginning on
20 or after that date.

21 EXPLANATION

22 This bill creates an electric or natural gas vehicle
23 facility tax credit for persons who construct, install, and
24 place in service an electric vehicle facility or a natural gas
25 vehicle facility. The amount of the tax credit is 30 percent
26 of the total cost of purchasing and of installing the facility.
27 A person may claim the tax credit on an agricultural (farmer),
28 commercial (business), or residential (personal, family, or
29 household) basis. A person claiming the tax credit on an
30 agricultural or commercial basis may claim the tax credit for
31 the installation of an electric or natural gas facility. The
32 person must claim one-third of the tax credit for each of three
33 tax years. A person claiming the tax credit on a residential
34 basis may claim the tax credit for the installation of an
35 electronic facility. The person must claim the tax credit in

1 the tax year in which the electronic vehicle service was first
2 placed in service. Any tax credit in excess of the taxpayer's
3 tax liability is refundable or may be used in calculating a
4 future tax liability.

5 The taxpayer must place the facility in service before
6 January 1, 2016, but those taxpayers claiming on an
7 agricultural or commercial basis may claim the tax credit for a
8 previous installation after that date.

9 The tax credit applies retroactively to tax years beginning
10 on and after January 1, 2013. The bill's provisions are
11 repealed on January 1, 2020. The bill takes effect upon
12 enactment.